

Message Text

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12

ACTION NEA-10

INFO OCT-01 ISO-00 ABF-01 A-01 SS-15 RSC-01 /029 W

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R 290930Z NOV 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 523

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STADIS////////////////////////////////

E.O. 11652: NA

TAGS: OTRA EG

SUBJECT: VISIT BY GAO TEAM

SUMMARY: GAO REPS PAID SEVERAL DAY VISIT TO EMBASSY CAIRO TO OBTAIN PRELIMINARY VIEW OF NEW OPERATION HERE AND TO FAMILIARIZE THEMSELVES WITH CURRENT PROBLEMS IN EGYPT. TEAM DID NOT GO INTO GREAT DETAIL WITH RESPECT TO VARIOUS EMBASSY OPERATIONS, BUT EXPRESSED CONSIDERABLE INTEREST IN ACTIVITIES RELATED TO PROJECTED EXPENDITURE OF AID FUNDS, IF APPROVED BY CONGRESS.

1. EMBASSY RECEIVED VISIT OF GAO REPS JAMES KLAPP AND PAUL CARPENTER FROM GAO FRANKFURT OFFICE DURING PERIOD NOVEMBER 10-23. THEY WERE JOINED FOR LAST TWO DAYS BY FRANK CONAHAN, DIRECTOR OF THAT OFFICE. BESIDES STAY IN CAIRO, FULL TEAM ALSO VISITED SUEZ CANAL AREA, RECEIVING BRIEFING FROM ADMIRAL CARROLL, COMMANDER, CTF-65.
2. GAO REPS INDICATED ON ARRIVAL THAT PURPOSE OF THEIR VISIT WAS FAMILIARIZATION WITH NEW EMBASSY OPERATION IN CAIRO. THEY WERE AWARE THAT WE WERE IN EARLY STAGES OF FORMULATING PROGRAMS AND THAT NO AID FUNDS HAD YET BEEN APPROVED FOR EGYPT BY CONGRESS.
3. ARRANGEMENTS WERE MADE FOR THEM TO MEET WITH AMBASSADOR AND HEADS OF VARIOUS EMBASSY SECTIONS AS WELL AS ADDITIONAL

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OFFICERS THEREIN WITH WHOM THEY MIGHT WISH TO PURSUE MATTERS

IN MORE DETAIL. NO PROBLEM AROSE IN CONNECTION WITH THEIR REQUESTS FOR CABLES AND OTHER DOCUMENTS. IN FACT, A NUMBER OF THEIR DISCUSSIONS WERE RATHER CURSORY AND QUESTIONS RAISED WERE SOMETIMES NOT FOLLOWED UP EVEN TO EXTENT OF READING DOCUMENTATION GATHERED FOR THEIR PERUSAL. HOWEVER, GAO TEAM DID GET INTO NUMBER OF SUBSTANTIVE MATTERS AND SUMMARY OF QUESTIONS IN WHICH THEY WERE PARTICULARLY INTERESTED AS WELL AS INFORMATION PROVIDED BY EMBASSY FOLLOWS.

4. GAO REPS HELD MOST SUBSTANTIVE DISCUSSION WITH AMBASSADOR AT END OF THEIR VISIT AND ALSO RAISED WITH HIM SOME MATTERS PREVIOUSLY DISCUSSED WITH OTHER EMBASSY OFFICIALS.

A) IN CONTEXT OF THEIR INTEREST IN USE OF PROJECTED AID FUNDS AS DISCUSSED WITH AID OFF, THEY QUERIED AMBASSADOR WHETHER SUCH FUNDS COULD ACTUALLY BE USED DURING CURRENT FY. THEY WERE ASSURED THAT PREPARATIONS ALREADY UNDERWAY WOULD ENABLE EFFECTIVE COMMITMENT OF SUCH FUNDS, IF APPROVED BY CONGRESS. ABILITY TO ACTUALLY DISBURSE FUNDS WOULD, OF COURSE, DEPEND ON WHEN FAA IS ENACTED.

B) THEY INQUIRED WHETHER DIVING EQUIPMENT PROVIDED EGYPT

FOR SUEZ CANAL CLEARANCE WORK THROUGH US NAVY WAS GIFT. AUTHORITY FOR TURN-OVER OF THIS EQUIPMENT (JCS 191502Z JUL 74, SUBJECT: NIMBUS MOON--TRANSFER OF EQUIPMENT) WAS PROVIDED BY DATT. AMBASSADOR TOLD TEAM IT IS HIS UNDERSTANDING THAT COSTS WOULD BE REIMBURSED FROM AID FUNDS EVENTUALLY ALLOCATED TO SUEZ CANAL CLEARANCE OPERATION AND PROVIDED COPY OF CAIRO A-119.

C) WHILE NOTING THAT GIFTS OF HELICOPTER TO PRESIDENT SADAT AND TEN MILLION EXCESS EGYPTIAN POUNDS TO FAITH AND HOPE CHARITY RULED LEGAL BY GAO COMPTROLLER, GAO REPS ASKED WHETHER SOME WAY COULD BE FOUND TO IDENTIFY ACTUAL USE OF LATTER. THEY OPINED CONGRESSIONAL FUTURE INTEREST LIKELY TO FOCUS ON THIS ASPECT. AMBASSADOR NOTED THAT GIFT FUNDS WERE CO-MINGLED WITH OTHER CONTRIBUTIONS, BUT PROMISED TO LOOK INTO THIS MATTER.

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D) GAO TEAM RAISED CLAIMS QUESTION TO WHICH AMBASSADOR RESPONDED BY CITING STATEMENT OF PRIMUM HEGAZI RE EGYPTIAN WILLINGNESS TO NEGOTIATE CLAIMS AND ALSO RECENT INITIATIVE (CAIRO 9138) DEMONSTRATING ACTIVE INTEREST OF GOE IN SETTLING CLAIMS ISSUE. AMBASSADOR NOTED THAT WE ARE AWAITING LISTING OF PUBLIC AND PRIVATE CLAIMS BY LEGAL ADVISOR'S OFFICE FOR PRESENTATION TO GOE AND THAT LEGAL ADVISOR'S

OFFICE HAD RECENTLY ANNOUNCED IN FEDERAL REGISTER AND ELSEWHERE THAT CLAIMANTS SHOULD SUBMIT CLAIMS AND SUPPORTING DOCUMENTATION WITHIN SPECIFIED TIME PERIOD.

E) IN RESPONSE TO GAO QUERY ON EVENTUAL ANTICIPATED SIZE OF EMBASSY STAFF, AMBASSADOR EXPLAINED HIS DESIRE NOT TO INFLATE ITS SIZE AND SAID HE DID NOT WANT TO GO OVER TOTAL OF 60 INCLUDING MARINES. HE WISHED MAINTAIN LOW PROFILE AND HIS CRITERIA WERE A DEMONSTRABLE REQUIREMENT FOR AN ESSENTIAL FUNCTION. RE GAO SUGGESTION THAT CAIRO WAS IDEAL PLACE FOR LOCATION OF REGIONAL OFFICES WHICH COULD DRAW ON EXCESS EGYPTIAN POUNDS, AMBASSADOR STRESSED THAT UNDER CURRENT POLITICAL CIRCUMSTANCES IT WAS HIS JUDGEMENT THAT EMBASSY STAFF SHOULD BE EXCLUSIVELY MISSION-ORIENTED. (CONAHAN INDICATED INTEREST IN STATIONING SEVEN MEMBER GAO OFFICE IN CAIRO IF PERMISSION FOR ESTABLISHMENT OF REGIONAL OFFICES WERE GRANTED LATER).

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ACTION NEA-04

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SS-14 ABF-01 /031 W

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 524

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F) GAO TEAM NOTED THAT, WHILE INTERESTED IN PROBLEM INVOLVING EXCHANGE OF GHALLI PASHA PROPERTY AND AMBASSADOR'S RESIDENCE, THEY WOULD NOT PURSUE THIS MATTER BECAUSE OF ACTUAL PRESENCE OF QUALIFIED STATE TEAM EXAMINING THIS QUESTION. (AMBASSADOR SHOWED GAO REPS STATE TEAM'S REPORT). GAO REPS ALSO REPORTED HEARING IDEA THAT EMBASSY SHOULD BUY LAND FOR INVESTMENT AND CONSIDERED THIS "FRIVOLOUS." AMBASSADOR SAID EMBASSY'S ONLY INTEREST WAS IN ACQUIRING SUFFICIENT HOUSES

TO ACCOMMODATE STAFF PROPERLY AND A PIECE OF LAND FOR
EVENTUAL CONSTRUCTION OF A PROPER RESIDENCE.

5. IN MEETING WITH AID OFF, GAO REPS INDICATED
INTEREST IN COMMODITIES TO BE SUPPLIED UNDER PROJECTED AID
PROGRAM. AID OFF REVIEWED EGYPTIAN REQUESTS AND
CONSULTATIONS WHICH TOOK PLACE DURING AUGUST VISIT OF GOE
OFFICIALS TO WASHINGTON IN CONNECTION WITH JWGS AND SUBSEQUENT
EXCHANGES. IN RESPONSE TO QUESTION REGARDING COMPOSITION
OF POSSIBLE AID PROGRAM FOR FY 76, ONLY COMMENT BY AID OFF
WAS THAT SIMILAR PROGRAM WOULD PROBABLY BE SET UP, BUT
WITH GREATER EMPHASIS ON PROJECTS AND TECHNICAL ASSISTANCE.

6. GAO TEAM ONLY ASKED ROUTINE QUESTIONS
REGARDING PL-480 EXCEPT FOR INQUIRY ON WHAT FURTHER COMMODITIES
AND AMOUNTS WERE EXPECTED FOR EGYPT. EMBASSY REPLY
INDICATED THAT THIS WOULD DEPEND ON FUTURE AVAILABILITIES. NO
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QUESTIONS WERE ASKED BY GAO REGARDING TITLE II PROGRAM IN
EGYPT.

7. GAO EXHIBITED INTEREST IN JEW MEETINGS. THEY
WERE GIVEN GENERAL REVIEW OF RECENT MEETINGS WITH EXPLANATION
THAT THESE BEGINNING SESSIONS WERE DESIGNED TO LAY FOUNDATION
FOR DEVELOPMENT OF CLOSER COOPERATION IN VARIOUS FIELDS
COVERED.

8. GAO WAS IMPRESSED WITH ACTIVITY OF COMMERCIAL
OFFICE (NAM TRADE MISSION WAS HERE AT THAT TIME) AND
INQUIRED REGARDING US FIRMS CONSIDERING INVESTMENTS IN
EGYPT. THEY WERE ALSO INTERESTED IN POSSIBLE INVESTMENTS
IN EGYPT BY NEIGHBORING ARAB OIL PRODUCING COUNTRIES.
COMMENTING THAT EMBASSY COMMERCIAL AND ECONOMIC SECTIONS
IN COUNTRIES THEY HAD VISITED WERE GENERALLY UNDER-STAFFED,
THEY NOTED THEIR VIEW THAT THIS EMBASSY DID NOT APPEAR
TO HAVE RESOURCES TO PROVIDE REGULAR ANALYTICAL ECONOMIC REPORTS.

9. BESIDES QUESTION RAISED REGARDING SUEZ CANAL
DIVING EQUIPMENT, GAO ALSO DISCUSSED WITH DATT
MERCEDES VEHICLES PURCHASED (NOT YET DELIVERED) FOR HIS
OFFICE. DATT MENTIONED GSA RESTRICTIONS RE TIMING BUT
REFERRED THEM TO DIA FOR EXPLANATION OF RATIONALE BEHIND
PURCHASE OF FOREIGN INSTEAD OF US VEHICLES IN ORDER PROVIDE
DAO WITH URGENTLY NEEDED TRANSPORTATION.

10. GAO POSED ONLY ROUTINE QUESTIONS TO USIS RE
BUDGET, STAFFING AND PROGRAMMING BUT EXHIBITED INTEREST
IN RELATIONS BETWEEN USIS, EMBASSY AND DEPARTMENT IN
ADMINISTERING CU PROGRAMS.

11. COMMENT: WE BELIEVE THAT GAO TEAM FELT
IT ACCOMPLISHED ITS PURPOSE OF OBTAINING PRELIMINARY
VIEW OF EMBASSY ACTICITIES IN EGYPT AND FAMILIARIZING
THEMSELVES WITH CURRENT SCENE HERE. EXPECT THAT
SUBSEQUENT VISITS WILL INVOLVE MORE DETAILED EXAMINATION OF
EMBASSY PROGRMAS.
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